USDA Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Voluntary Report - public distribution

Date: 2/2/2007

GAIN Report Number: RH7001

Zimbabwe

Grain and Feed

Update

2007

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Report Highlights:
Zimbabwe's 2006/07 corn crop plantings were delayed by weather and input shortages. As a result both the crop and the area planted will not be up to expectations. At this stage a crop of 850,000 tons from 1.3 million hectares are expected, marginally lower than the 900,000 MT harvested in 2005/06 from a similar area planted. The 2005/06 crop was below domestic needs but the import program is very slow and supplies will be short until the new crop harvest in May. The country's financial position is not likely to improve and both corn and wheat is likely to be in short supply again this year.

Includes PSD Changes: Yes
Includes Trade Matrix: No
Unscheduled Report
Pretoria [SF1]
[RH]

Summary

The Zimbabwean economy continues to face serious foreign currency shortages that are affecting agricultural output. As a result, the agricultural sector now encounters shortages of inputs such as fertilizer, fuel, electricity, chemicals and spare parts for machinery and equipment.

The 2006/07-rainfall season started early, but poor distribution delayed planting in most parts of the country. Erratic rainfall during the first part of the season and a critical shortage of fertilizer will result in a lower area than expected planted to corn. Production is also expected to decrease and the preliminary estimate is for a corn crop of about 850,000 MT from an area of about 1.3 million hectares. This will again be well short of domestic requirements.

Harvesting of the 2006 wheat crop is now complete. Production reached about 135,000 MT or 39% of the national requirement with the resulting deficit of about 208,000 MT to be made up by commercial imports.

Exchange rate:	Z$250	= US$1 (official)
	Z$4,500	= US$1 (parallel market)

CORN

PSD Table

Country	**Zimbabwe**								
Commodity	**Corn**								
1000 HA	2004 Revised			2005 Estimate			2006 Forecast		
1000 MT	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New
Market Year Begin		05/2005			05/2006			05/2007	
Area Harvested	1200	1200	1200	1300	1400	1300	1400	1450	1300
Beginning Stocks	0	0	0	0	25	0	0	0	0
Production	550	550	550	900	1000	900	1000	1100	850
MY Imports	1033	1040	1002	500	500	200	500	500	350
TY Imports	731	550	731	900	900	600	600	600	600
TY Imp. from U.S.	0	0	0	0	0	0	0	0	0
Total Supply	1583	1590	1552	1400	1525	1100	1500	1600	1200
MY Exports	0	0	0	0	0	0	0	0	0
TY Exports	0	0	0	0	0	0	0	0	0
Feed Consumption	75	75	75	75	125	75	75	75	75
FSI Consumption	1508	1490	1477	1325	1400	1025	1425	1475	1125
Total Consumption	1583	1565	1552	1400	1525	1100	1500	1550	1200
Ending Stocks	0	25	0	0	0	0	0	50	0

Production

Despite the early start to the 2006/7-rainfall season, poor distribution resulted in delayed planting in most parts of the country. Rainfall in the first part of the season (November to end of December) was below normal to normal. The official 2006/7 area planted estimate is not yet available. The Department of Agricultural Research and Extension (AREX) are currently conducting the first crop survey. However, projections show a lower corn crop than last season and preliminary estimates are for a crop of around 850,000 MT from an area planted of about 1.3 million hectares.

There are a number of reasons for this projected decline.
The poor rainfall distribution at the beginning of the season resulted in late planting and replanting in some areas.
The erratic availability of fuel negatively affected tillage and land preparation activities.
Also, in a major policy shift, the government withdrew financial and crop input support to A2 farmers (those with larger tracts of land). With the prevailing hyper-inflationary conditions, high interest rates and lack of collateral most farmers did not have adequate financial resources and cut back the area planted to corn.

Shortages of critical inputs such as fertilizers and crop chemicals also reduced corn plantings. Persistent shortages of foreign currency resulted in a very limited supply of fertilizer on the market and an acute shortage, of particularly ammonium nitrate for top-dressing.

The country could not afford to import raw materials and critical spare parts for the local fertilizer manufacturers. The fertilizer industry has the capacity to produce enough fertilizer for Zimbabwe's needs (about 600,000 MT annually), 60 % of which is used for cereal production. The industry imports the raw materials, mainly ammonia, potash, sulphur and micronutrients. Out of the US$41.5 million foreign currency requirement of the fertilizer industry, only US$6.15 million (15%) was made available by the government. The industry produced only 280,000 MT of fertilizer for summer crops. The inability of the local industry to satisfy domestic demand forced the government to look for alternative sources of fertilizer to avert a crop failure.

The government announced a number of different foreign exchange facilities for the procurement of fertilizer, chemicals and machinery. However, the continuity of these facilities hinges on Zimbabwe's ability to service the obligations. The largest of the foreign exchange facilities was a US$200 million agricultural support facility entered into with the Chinese government. Through this facility the government has imported compound fertilizer for corn and urea for top-dressing. Only 22,000 MT of compound D and 35,000 MT of urea have arrived in the country in time to be used for the 2006/7 summer crops. Part of the outstanding consignment will be used for wheat production whilst the remainder will be carried forward for use next season.

According to the seed industry, about 44,410 MT of corn seed was available this season of which 36,550 MT was hybrid seed and 7,860 MT was open-pollinated varieties. At an average seed rate of 25kg/ha the available seed is enough to plant about 1.78 million hectares of corn.

Government's inputs support program target for the 2006/7 season was 300,000 hectares, of which 200,000 hectares were to be managed under "Operation Maguta," a scheme implemented by the army, police and officers in the President's office. This ambitious scheme mainly involves communal farmers but it is unlikely to meet its target because of the shortages of inputs and inadequate tillage capacity. Inputs for the other 100,000 hectares are also targeted at communal farmers and will be administered by Agribank.

Consumption

Optimum per capita human consumption is estimated at 120kg per person. Based on the Central Statistical Office (CSO) projected 2007 population of 11.8 million, 2006/07 human consumption needs are estimated at 1.42 million MT whilst feed requirement is between 125,000 MT and 250,000 MT giving a potential total domestic consumption of 1.6 million to 1.7 million MT.

However, consumption is also influenced by the supply of the grain and disposable income. Annual inflation is rising and reached 1281% at the end of December, eroding the purchasing power of the majority of the Zimbabwean population. Domestic consumption may fall well below 1.6 million tons due to the combined effect of low disposable income and the projected corn deficit. An assessment by the Zimbabwe Vulnerability Assessment Committee (ZimVAC) on food security in May 2006 estimated that 17% of Zimbabwe's population, approximately 1.4 million people mostly in the western and southern Zimbabwe were food insecure and needed food aid until the next harvest in April 2007.

Trade

The country's sole buyer of grain, the Grain Marketing Board (GMB) has reportedly bought about 500,000 MT of the corn harvested in April 2006 from farmers.

The corn deficit for MY 2006/7 is about 500,000 MT and the government is expected to cover this deficit through imports. The country's plans are to import 565,000 MT (480,000 MT of corn from South Africa and 85,000 MT from Zambia) until next season's harvest in April 2007. This is unlikely to happen as the country struggles to raise the foreign currency and total imports are more likely to reach about 200,000 MT.

The table below shows the weekly imports of corn from South Africa since the beginning of May 2006.

Weekly imports of corn from South Africa (May 2006 to date)

2006, Week	White Corn (MT)	Yellow corn (MT)	Total (MT)
04/29 – 05/05	4,158	117	4,275
05/06 – 05/12	4,308	118	4,426
05/13 – 05/19	4,032	29	4,061
05/20 – 05/26	9,473	0	9,473
05/27 – 06/02	7,896	0	7,896
06/03 – 06/09	4,679	0	4,679
06/10 – 06/16	1,710	0	1,710
06/17 – 06/23	7,654	0	7,654
06/24 – 06/30	5,604	0	5,604
07/01 – 07/07	5,857	0	5,857
07/08 – 07/14	17,391	0	17,391
07/15 – 07/21	2,945	0	2,945
07/22 – 07/28	1,100	0	1,100
07/29 – 08/04	0	0	0
08/05 – 08/11	100	0	100
08/12 – 08/18	0	0	0
08/19 – 08/25	0	0	0
08/26 – 09/01	0	0	0
09/02 – 09/08	241	0	241
09/09 – 09/15	63	0	63
09/16 – 09/22	0	0	0
09/23 – 09/29	0	0	0
09/30 – 10/6	0	0	0
10/07 – 10/13	1,157	0	0
10/14 – 10/20	3,524	0	3,524
10/21 – 10/27	1,701	0	1,701
10/28 – 11/03	1,690	0	1,690
11/04 – 11/10	2,660	0	2,660
11/11 – 11/17	1,429	0	1,429
11/18 – 11/24	281	0	281
11/25 – 12/01	1,001	0	1,001
12/02 – 12/08	643	0	643
12/09 – 12/15	588	0	588
12/16 – 12/22	173	0	173
12/23 – 12/29	322	0	322
2007			
12/30 – 01/05	924	0	924
01/06 – 01/12	316	0	316
01/13 – 01/19	498	0	498
Total to date	94,118	264	**94,382**

Corn imports slowed down drastically from August to end of September and then picked up in November, only to slow down again from December. Only 94,382 MT out of the intended 480,000 MT of corn has been imported from South Africa so far, and the goal is unlikely to be reached.

Prices

The government increased the corn producer price for the 2006/07 selling season to Z$51,300 per MT from Z$2,200 in the 2005/06 marketing season. Whilst the new price was expected to cushion farmers against inflation and rising production costs, annual inflation rate for December reached an unprecedented 1281%, up from 1098% in November. The continued rise in inflation will negate the expected financial benefits of the new corn producer price.

WHEAT

PSD Table

Country	**Zimbabwe**								
Commodity	**Wheat**								
1000 HA	2004 Revised			2005 Estimate			2006 Forecast		
1000 MT	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New
Market Year Begin		07/2004			07/2005			07/2006	
Area Harvested	35	35	35	35	35	35	35	45	45
Beginning Stocks	100	0	0	100	0	0	100	0	0
Production	105	105	105	120	120	120	135	135	135
MY Imports	130	130	130	125	90	90	125	100	100
TY Imports	130	130	130	125	90	90	125	80	80
TY Imp. from U.S.	0	21	21	0	0	0	0	0	0
Total Supply	335	235	235	345	210	210	360	235	235
MY Exports	0	0	0	0	0	0	0	0	0
TY Exports	0	0	0	0	0	0	0	0	0
Feed Consumption	0	0	0	0	0	0	0	0	0
FSI Consumption	235	235	235	245	210	210	260	235	235
Total Consumption	235	235	235	245	210	210	260	235	235
Ending Stocks	100	0	0	100	0	0	100	0	0

Production

In 2006 an estimated 45,000 hectares of wheat was planted from which about 135,000 MT was harvested.

A high proportion of the crop was planted late with only 10,000 hectares having been planted by mid May; the recommended planting cut-off date that ensures optimum yields. One of the major reasons for the delay in wheat planting was inadequate tillage capacity (tractors, spares and fuel). Most of the newly resettled farmers who now make up the bulk of wheat producers do not own farm machinery and rely on hiring tillage services. Demand for services outstrips supply, delaying planting. This meant that about three quarters of the crop was planted after the recommended cut-off date. Erratic fuel supplies and the shortage of combine harvesters also resulted in rain damage to a substantial portion of the wheat crop.

Inadequate irrigation facilities were also a major constraint. Late disbursement of funding and inputs also contributed to the delay in planting. Erratic fuel availability delayed harvesting.

Prices

In August 2006 the government increased the producer price of wheat from Z$9,000/MT to Z$217,913/MT.

Consumption

Optimum per capita consumption of wheat at 29kg/year for an estimated population of 11,8 million gives a potential wheat requirement of 343,000 MT for 2006/7. By implication at least 6,500 MT of wheat are required weekly to satisfy domestic consumption. Wheat supplies to millers have been erratic and due to limited availability GMB has been rationing wheat to millers at about 5,000 MT per week or 260,000 MT per annum. It is unlikely that the original target of 343,000 MT will be met.

Trade

The country produced about 135,000 MT of wheat and will have to import the balance of 208,000 MT in order to satisfy domestic demand. The quality of the crop may also have been affected as a significant proportion of the harvest is reported to be rain-damaged and unsuitable for human consumption. Up to 70% of the annual requirement may thus have to be imported. However, the import target is unlikely to be met, and imports will likely only reach about 100,000 tons due to the constraints already mentioned. Only 3,112 MT from South Africa and 8,779 MT from Argentina have been imported since August 2006.